



[Document S.]

BY THE HOUSE OF DELEGATES,
February 19, 1844.

Read and ordered to be printed.

R E P O R T

OF

MR. CAREY, from the Committee on Ways & Means,

ON HIS OWN BEHALF,

ON

SO MUCH OF THE GOVERNOR'S MESSAGE

AS RELATES TO THE

FINANCES OF THE STATE.

ANNAPO利S:
RILEY & DAVIS, PRINTERS.
.....
1844.

R E P O R T.

The undersigned, of the committee on Ways and Means, to which was referred so much of the Governor's Message, as relates to the Finances of the State, begs to submit, on his own behalf, the following

R E P O R T :

The obligations of the State to make good her engagements, on account of the public debt, are not to be questioned.

If the public indebtedness had even been contracted without authority under the Constitution, the result would simply be, that money borrowed and used by the State for her own purposes, had been obtained on a contract void from the beginning; and nothing would remain for her but to pay it back.

It is not, however, the characteristic of an honest people to seek any evasion of a just obligation. How much soever the people of Maryland may deplore the rashness and extravagance with which the State, under the popular sanction, went forward in her policy of Internal Improvement, the conviction is doubtless complete in the bosom of every one who feels and thinks rightly, that as a community, the money of other people has been obtained by us on a pledge of the public faith; that it has been expended by us under our own direction; that the benefits of its expenditure are for us and our children; and that by every obligation which can bind a man as a moral being who knows what justice is, and who can distinguish between honor and dishonor, we are bound to pay fully what we justly owe.

In all such portions of the report of the majority of the committee, as recognize and enforce the responsibility of the State, and the duty of citizens in this behalf, the undersigned concurs entirely. This paper, which he now has the honor to submit to the House, is offered in the hope, humbly yet truly entertained, that it may contain some suggestions, adapted to make more sure the end contemplated by the majority's report—an end so important to the State, so essential to her honor, so intimately conjoined with the vital elements of her political and social existence as a civilized community, that its attainment should not be left subject to doubt, when by any possibility it may be secured.

'This great object, is to provide at this session of the Legislature for establishing the State permanently on the basis of punctual payments to her creditors, according to the requirements of the contract by which her faith is pledged to them, and to the world.

If this can be done, no justification remains for an omission to do it. If it cannot be done, the inability should be confessed. The fact being declared, it would be for others, disinterested persons, cognizant of our condition, to judge whether our plea should be rested upon an inability of means, or an inability of will.

In estimating the resources of the State, which may be relied on as available for the present year, to be applied to the interest account of the public debt, it is of the first consideration to guard against over estimates, when the amounts of particular items in the calculation are in any way uncertain. Doubtless the majority of the committee have had this consideration in view. If the result shall prove in the end that the estimates set forth in their report, already before the House, are in a safe accordance with the resources of the Treasury for the year, then the additional measures of precaution which the undersigned will take occasion to suggest, may be conditionally adopted, without any apprehension of their interference with the projected order of the State's financial system in that particular. It is, however, to be borne in mind, that in legislating for the future upon the basis of contingencies, we are placing uncertainties against certainties. The amount of our liabilities for 1844 is known; it is fixed; it cannot change; while the aggregate of our means is to be made up from various sources, and every item of the general estimate must be determined more or less by conjecture. In view of this fact, which the practical judgment of the House cannot overlook, it is respectfully submitted, that no harm can come while much good may follow, from a careful revision of probabilities, and the adoption of such safe-guards as may be within our reach against the danger of mistakes, in a matter wherein mistakes might be fatal.

It may be also remarked, that inasmuch as the experience of our people in connection with the public debt, and the causes which gave rise to it, must make them sensitively mindful of the fallacious nature of paper estimates and calculations, the projection of any system having in view the restoration of the State's ability to meet her engagements, should be not only accompanied by such convincing proofs of its feasibility as to inspire confidence in the public mind, but its results should be so well assured as to place the event of its failure so far from likelihood, that if it should unhappily occur, the reason of it should be so far out of the common order of things as to bring no censure, in the estimation of judicious men, upon the plan itself. There is no doubt but the prospect of a sure return to the honorable discharge of our just obligations—the certain knowledge that the State has now in her hands the means of securing that desirable object, and of regaining the high position which becomes her, and which cannot be forfeited without bringing the humiliation of shame upon every one of her children,

who feels his honor identified with her own—there is no doubt but the confident expectation of this, would infuse heart and hope and energy anew throughout the community, and give a feeling of cheerfulness to every good citizen to lighten the pressure of the taxation which the present condition of things renders indispensable. But if that hope is to be held out only to be disappointed, it were better that no such expectation were countenanced by this House.

The committee's report now before the House, has two important purposes in view: First, to show how the demands on the State on account of interest for 1844 may be met; Secondly, to show how the arreages of interest already due and unpaid on the public debt may be provided for.

Here follow the committee's estimates on the first head:

Estimates from the majority of the Committee of Ways and Means for the interest on the Public Debt for the year 1844.

"The annual interest on that portion of the debt, which is not secured by specific pledges, is according to the last annual report of the Treasurer, " - - - - - \$626,821 16

Assuming that the taxes will be collected in all the counties, which must be the basis of every calculation upon the subject, the committee estimate that the direct tax will produce

They estimate also, that the Income tax, properly assessed, and collected, will amount to, - - - - -

The Tide Water Canal Company, it is confidently believed is able to pay the interest on the amount loaned it, which interest is - - - - -

The dividend in the stock held by the State, in the Baltimore and Ohio Railroad, which is applicable to the payment of the interest on the public debt, will not be less than

From the Baltimore and Susquehanna Rail Road Company, the committee are assured will be received

The auction duties which are now freed from the specific charge upon them, will contribute, a bill will be enacted imposing a tax

A bill will be reported, imposing a tax on collateral inheritances, bequests and distributive shares, which it is estimated will produce

A bill allowing the sale at public auction, of State, City, and the stocks of all incorporated companies, upon paying into the Treasury one half of one per centum, is estimated to yield -

\$420,000

- 40,000

- 55,000

- 10,000

- 20,000

- 20,000

- 20,000

15,000

To which may be added the tax on protested notes, and bills of exchange—on silver plate, and watches—on the different classes of brokers—on theatrical and other exhibitions, imposed by the several laws passed at December session 1841, and which if properly enforced and collected, cannot produce less than	- - - - -	30,000
Making in all an annual revenue of	- - - - -	\$630,000

"Should these estimates be realized" says the report "and the committee think they are neither extravagant nor sanguine, there will be abundant means to enable the State to meet the demands of her creditors, and the obligations which a proper sense of her own honour impose upon her."

It is much to be wished that these estimates may be realized. The undersigned will do no more than submit in connection with the principal items of the calculation, such obvious suggestions as belong to the facts upon which they are based.

Direct Tax } In the Treasurer's report made at the beginning of
\$420,000. } the present session of the General Assembly the
following passage may be found, page 12: "Were the legislation
on this subject" (the enforcement of collections) "perfected, the
Treasurer is under the impression that the direct tax under the
act, chapter 23, of March session 1841, and its supplements, might
be safely relied upon to produce annually \$400,000; not that the
tax of any one year would yield this sum; but the collection of
arrears of previous years, with the collections of the current year
would do so." The receipts for the year 1843, from the direct
tax were in the aggregate \$367,232 51, with five counties paying
nothing. This aggregate includes the taxes of 1842, payable in
1843, together with the arrears of the taxes of 1841, from all parts
of the State, except three counties, and the sum of \$40,622 13.
paid on the levy of 1843 and not strictly due until 1844. If all
the counties had paid alike the Treasurer expresses the belief that
'the receipts for this year would have overrun the sum of \$400,000.'

It may then be safely assumed that the estimate on account of the direct tax for the present year (\$420,000) is not an exaggerated one, upon two suppositions—first with the assumption which must be at the bottom of all estimates on this subject, *that an efficient system of collections is enforced in all parts of the State*;—secondly, with this condition, *that the arrears of taxes for 1841 and 1842, be left to come in to fill up the general average of the taxes of 1843, payable the present year.*

If the arrears due the State in the several counties are to be taken as so much of available means to meet a proportionate amount of the arrears due by the State, according to a subsequent estimate of the committee, it may be doubted whether the collections for 1844,

out of the levy of a single year will amount to \$420,000. In view of such a withdrawal the estimate would require not only the collection of \$420,000 this year, but the collection also of such additional sums as might be drawn from the arrears; and if it is contemplated in the committee's estimate that the whole amount of arrears now due (\$269,703 29) are to be realized within the year a heavy aggregate of nearly \$700,000 will be required for 1844, from the direct tax. It does not, however, appear that the committee's report looks to this; it seems merely to consider that large item of arrears as an offset to an equal amount of State arrears, without specifying when the one amount shall be made to liquidate the other.

Income tax } The income tax is put down as likely to yield \$40,000. The tax on plate and watches, together with the taxes on protested notes, on brokers, the- and watches } atrical and other exhibitions, is estimated at \$30,000. \$20,000. Taking \$20,000, as the fair proportion to be set to the account of the plate and watch tax, and which is no more than a moderate calculation of what such a tax ought to yield, it only remains to be remarked here that both the income tax and the plate and watch tax are not yet assessed throughout the State. The Treasury returns show but a partial levy of the first; the other has not been assessed at all in any part of the State. The estimates for both are no doubt reasonable if they were in train for collection; but they are not. Would it not be unsafe to commit upon these sources for the supplies of the current year to the amount estimated for each? Among the duties of the General Assembly it may be respectfully suggested is that of providing at the present session for the uniform assessment and collection of these taxes.

Tide Water Canal } The gross amount of \$5,000, for the year \$5,000. B. & O. Rail Road } 1844, is expected from the three works of in- nal improvements here named. It is to be \$10,000. B. & S. Rail Road } hoped that this amount will be realized to \$20,000. which the largest sums are expected paid nothing. But better prospects are indulged in for both and apparently with good reasons. Yet these items, in view of the gross amount, are liable to some uncertainty.

Auction duties heretofore otherwise applied \$20,000. It is not deemed necessary to dwell in detail on these items of revenue.

Tax on collateral inheritances, &c. \$20,000. The amount to be received from auction duties, as set down in the first item, is certain.

Commission on the sale of stocks at auction, \$15,000. The rest are estimates and may be taken as made with due deliberation, yet subject to such uncertainty as belongs to calculations of this

Tax on Protests, Brokers, Theatrical exhibitions, &c., \$10,000.

kind. The measures to secure the amounts specified in the second and third items are yet in the form of bills waiting the final action of the General Assembly.

Such are the features of the financial plan which is designed to provide for the interest due on the public debt for the present year 1844. Of the items included in it, it has been shown that some are uncertain in amount, others not likely to be realized within the year. It is indeed possible that the best expectations founded upon the general estimate may be fully met. But there is uncertainty as to its results. Is it the part of prudence to rest upon uncertainty, in a matter so important as this, without looking around at least to see if some means of further security may not be found within reach? Have all the available resources of the State been brought to bear upon the great point of establishing the public credit—are they all included in the foregoing *projet*?

The matter to be regarded is the provision of adequate means for the present year. For the year to come after this, other prospects may open. The income tax, the plate and watch taxes, may be reduced to system and put in regular operation for the year 1845, which can hardly be expected for this year, to anything like their full availability. The new sources of revenue devised at the present session of the General Assembly, yet untried, may be calculated upon with some tangible data a twelvemonth hence. Our public works of Internal Improvements, with the prospects of increasing trade throughout the country, are likely to furnish increased elements to the resources of the Treasury—yet some time more is required to give a fair assurance of this.

Among the prominent items of the State's resources is a *Sinking Fund* amounting to \$1,186,817 27. It is mainly composed of State bonds; its increment arises from the interest paid on these, which are included in the general aggregate of the interest bearing debt of the State. In the gross amount of \$626,821 16, annual interest on the State debt, is included something over \$60,000 payable to the Sinking Fund. If the Treasurer should be authorized to withhold this sum in the event of a deficiency of resources to meet the interest on the State's outstanding debt, and to apply the same to make good such deficiency, it will be seen at once that a security to a considerable amount would be furnished to guard against errors of estimates. The undersigned is clear in the belief that this would be a very proper measure. The only objection that seems to lie against it, is that it might for a time interfere with the accumulation of the Sinking Fund. If the calculations of the committee on Ways and Means are correct and revenue is received sufficient for the wants of the Treasury, this objection will have no weight; for in that case nothing would be withheld from the Sinking Fund.

In view of the ultimate extinction of the principal of the public debt, it is doubtless important that the accumulation of the Sinking Fund should go on without interruption. But it is to be considered whether the first duty of the State is not to restore her credit, by securing the punctual payment of interest on her bonds now dishonored. The Sinking Fund is pledged to the payment of the principal and *interest* of the public debt. If the present exigency,

which it is to be hoped is only a temporary one, should require a portion of the resources of this Fund for completing the full payment of interest, as indispensable to the State's most urgent obligation, there will be, it is respectfully submitted, no diversion of the Fund from the purposes for which it was established.

In the most extreme view of the case, the measure would be one of borrowing from the Sinking Fund--the amount withdrawn to be made good at the earliest occasion at which the State's means might allow it.

In another light, according as different ideas may be entertained of the nature and object of the Sinking Fund, the step might be regarded as a postponement by the State of a claim of her own, for the just and generous purpose of first securing from loss an innocent party that had confided in her honor.

If, in the worst alternative, the temporary application of a portion of the proceeds of the Sinking Fund to the present payment of interest on the public debt, should defer for a time the period of the final extinction of the debt, the inconvenience would be thrown upon a generation to come after us, who will reap from the public improvements on account of which the debt was contracted, a measure of advantages far more than commensurate with the diminished charge for which they will be liable.

But it is scarcely probable that the proposed measure will involve any sacrifice either for the present or the future. For, if by such a course the State shall be enabled to meet her obligations for interest to her creditors, the restoration of her stock to par will actually bring into existence a large amount of capital, which now lies an inert mass in the shape of depreciated bonds. Into this mass will be breathed the breath of life; it will become part and parcel of the State's wealth—a new creation, endowed with vitality and blended with the elements of her prosperity, with the springs of her resources, with the germinal principles of her growth.

Those of the citizens of Maryland who know from the experience of business how heavily the operations of trade are clogged, by the weight of discredit which now attaches to the whole State, will readily understand and appreciate the benefit of a result which shall once more give the reputation of honesty and fair dealing to our people. There is now a loss annually arising from the unfortunate condition of the State's credit and finances, which practical men would reckon at an amount that would appear fanciful to those, who, suffering but indirectly from this cause, have not had occasion to estimate its far reaching operations and results.

The suspended accumulations of the Sinking Fund might be made good and more from the resources which a revived activity in trade would engender—from the increased revenues that would accrue from the public works of internal improvements—all consequent upon the removal of that incubus of financial discredit which now rests with a paralyzing influence upon the energies of the community.

In order to place still farther beyond contingency the future in-

tegrity of the State's faith, it is respectfully suggested, that if by any chance the receipts into the Treasury should fall short of estimates, beyond the amount which the interest payable to the Sinking Fund would be adequate to meet, the School Fund be then held subject to be drawn upon to supply the deficiency. The details of a bill will afford an opportunity for specifications on this point.

It is hoped that no occasion will arise for having resort to the School Fund. But the guarantee of full payment of interest on the State's obligations is held to be a matter of such paramount importance, that it is believed a patriotic people, sensitive under imputations affecting their character for good faith, will not hesitate at the sacrifice here intimated, if it shall become necessary to vindicate their integrity beyond the reach of imputation.

This concludes all that the undersigned has to say at present on the matter of providing for the annual interest on the public debt.

Arrears of Interest.

The second great purpose of the committee's report is to show how the arrears of interest may be provided for which are now due and unpaid on the State Debt. It is necessary that this should be done before a re-organization of our financial system can be had on the basis of punctual payments for the future. The committee's plan to provide for the arrears is thus exhibited:

"These arrears, according to the report of the Treasurer amount to	-\$1,171,872 87
The bank stock held by the State, and which may now be spared, amounts to	\$510,966 66
The arrearages of taxes for 1841 and 1842 are	269,703 29
The sums due from public officers on the Western Shore exclusive of interest are	95,129 45
Ditto on the Eastern Shore,	28,746 41
Interest due from the Tide Water Canal Company.	167,000 00
	<hr/>
	1,071,545 81

Leaving after the application of these means a balance of \$100,327 06 to be funded or satisfied in some other way."

If it be necessary, as has been estimated in another place, to suffer the arrearages of taxes for 1841 and 1842 to come in along with the collections of the tax of 1843, to make good the estimate on the interest account of 1844, the item of \$269,703 29 must be stricken from the foregoing calculation. How much may be realized from the third and fourth items cannot now be known with certainty. Nor is it essential that perfect accuracy should be had on any of the ad-

mitted items. It is enough for the purpose in hand to know that the object in view is to pay off a portion of the arrears and to fund the rest. The amount paid off, be it more or less, will leave a balance, small or great, to be funded.

It is, however, essential, as the undersigned conceives, that more definiteness should be given to the policy here indicated.

If any thing is to be done with the arrears of interest on the State debt, two things seem necessary; first, to fix a day up to which arrears are to be reckoned; secondly, to make a definite provision which shall include all arrears up to that time. If a day is named, then it will be easy to compute the actual amount of arrears to be provided for. If the measure which is to provide for them, includes the liquidation of a portion and the funding of the rest, the holders of coupons or certificates of interest, representing the arrears, may take their choice to sell or to fund. It would be but just that they should have this option.

To say that no provision can *now* be made for funding, would seem to imply that no definite policy is contemplated. It may not be known how much of the arrears will be absorbed by a designated mass of assets of uncertain value; but it would involve no difficulty to enact that all which should remain unabsorbed by such means should be forthwith funded. Nor would it be difficult to specify a particular time within which the available assets should be applied to the extinction of a proportionate amount of arrears, and at which the outstanding residue should be funded. The legislature can do this; and in order to re establish the credit of the State, it is believed that this ought to be done.

If after the date fixed for funding the unabsorbed arrears, any further sum should be received from the assets set apart for the liquidation of arrears, it would seem proper that such sum should go to the Sinking Fund.

The first day of October next, might be designated as the day at which the arrears unliquidated up to that time, should be funded. After that period, all payments into the Treasury should be made in money. The arrears being funded, all coupons and certificates of interest, which are but another form of arrears, must cease to exist. And as adequate means for meeting the demands of current interest are supposed to be amply provided, no occasion need be anticipated for the further issue of such scrip.

One thing more remains. The means of paying interest being provided, on the original and the funded debt of the State; the unpaid arrears being funded; the next essential step to complete the re-establishment of Maryland in a position worthy of her, would be to fix a day upon which a resumption of payments should be made on all her obligations—to continue it may be hoped, until her final disenthralment from debt. If the first of April, 1845, should be named as the day, time would be allowed for the maturing of such measures of revenue as are yet imperfect; time would also be allowed for another session of the General Assembly, at which such

action might be had as the course of events should then seem to call for.

It is believed, and with due deference suggested, that upon the General Assembly now in session, the responsibility rests of determining the character of the policy which is to mark the future course of Maryland in relation to her indebtedness. If no measures are adopted *now* to give assurance of a resumption of payments at a specified time, there will be no substantial point upon which the hope of better things can be founded. A vague uncertainty must rest upon the whole subject, affording room for the most ill-boding apprehensions of indefinite procrastination year after year; and this at a moment when the most decisive steps are necessary to retrieve a confidence, already shaken, in our intentions to do justice. If there be further postponement of definite action, the danger is that the difficulties in the way of right action will be greater a year hence than they are now. There is danger that the public mind will sink into a fatal acquiescence with a state of virtual insolvency, so far as outward semblance goes; and be content that the machinery of insolvency be used, wherewith to work ourselves out of difficulties, which would disappear at the first demonstration of manly resolution. It is submitted, that the character of the men of Maryland is not in keeping with the present condition of things. There must be a restless uneasiness in the bosom of every true citizen of this Commonwealth, at the thought that the honor of his State is in an attitude to be questioned. There can be no peace of mind while this is so; it must not continue to be so. The fact of our ability for self-government lies in the abeyance of doubt, so long as the public faith, the vital principle of political being, is suffered to rest under the shadow of a cloud.

The substance of what has been set forth in this report may be comprised in these propositions:

1. Let the Treasurer give public notice in Europe and the United States, that he will on the 3rd day of September, 1844, sell at public auction in the city of Baltimore, at the Exchange, the Bank and Turnpike road stocks belonging to the State, to be paid for in cash or in coupons and certificates of interest up to October 1st, 1844 inclusive, with a view to the reduction of arrears of interest on the State debt. The sums due from public officers, other than collectors of taxes, to be applied to the same purpose when realized—also the arrears of interest due from the Tide Water Canal Company.

2. Let the Commissioner of Loans issue to each holder of coupons or certificates of interest, up to October 1st, inclusive, the bond or bonds of the State for the amount so held, redeemable at the pleasure of the State and bearing six per cent. interest payable quarterly on and after the 1st of April, 1845, at which time the interest of the preceding six months shall be paid.

3. Let all dues to the State be paid in money, from and after the 1st of October, 1844—coupons or certificates of interest receivable until that day.

4. Let the 1st of April, 1845, be fixed upon as the day on which the State will resume the payment of interest on all her obligations.

5. In the payment of interest let the Treasurer pay the general creditors of the State, *other than the Sinking Fund*, first. Then let him pay the interest on the Sinking Fund to the extent of the means in hand. If there is a deficiency in the interest due to the Sinking Fund, let it be made good at any subsequent payment or payments when there may be a surplus of means in the Treasury.

6. Let the School Fund be drawn upon *pro rata*, from the several counties, district and city, *so far as may be necessary* to make up any deficiency in the interest due the general creditors, but not for the interest due to the Sinking Fund.

7. If any portion of the School Fund be used let it be made up out of surplus means that may accrue in preference to the Sinking Fund.

8. Let all surplus means of every description go to the Sinking Fund.

The bill herewith reported includes these provisions.

JOHN L. CAREY.

A BILL.

Entitled, an act relating to the Public Debt of Maryland.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That the Treasurer of the State be, and he is hereby authorised and directed to cause notice to be given, by advertisement, in such of the cities of this country and Europe, as he may deem proper, that he will set up and expose to sale at public auction, at the Exchange in the city of Baltimore, on the third day of September in the year eighteen hundred and forty-four, the Bank and Turnpike road stocks held by the State; said stocks to be sold to the highest bidder for cash, or for coupons, or certificates, of interest due by the State, and unpaid up to the first day of October, eighteen hundred and forty-four inclusive; in which advertisements shall be stated the number of shares of stock of each description to be sold, the par value thereof, the market price thereof, by the Baltimore quotations at the date of the advertisement and the date and amount of the last dividend; and on the said first day of September the said Treasurer shall accordingly set up and expose to sale, at public auction, at the place aforesaid, to the highest bidder, the said stocks, in such lots as he may deem proper, to be paid for as aforesaid: and upon the sale thereof, and payment therefor, he shall make all necessary conveyances and transfers to give the purchaser or purchasers, the title of the State therein; and be it further enacted, that the said Treasurer shall have power to continue the said sale from day to day, or to postpone it for a period, not exceeding fifteen days, by giving notice at the time and place aforesaid.

SEC. 2. *And be it enacted,* That in event of any failure on the part of a purchaser or purchasers to comply with the terms of sale within five days from the time of sale, the said Treasurer shall be, and he is hereby authorised to resell the stock not paid for, at public sale, to the highest bidder to be paid for as aforesaid, at the risk of said purchaser or purchasers upon giving such public notice thereof, as he may deem advisable; or he may sell the said stock at private sale to be paid for as aforesaid for a sum not less than the said purchaser or purchasers had bid therefor.

SEC. 3. *And be it enacted,* That the proceeds of the sale of said stock shall be appropriated to the reduction of the arrears of interest due by the State on the public debt up to the first day of October eighteen hundred and forty-four inclusive; and the said Treasurer shall also appropriate to the same purpose all receipts by him, of money due by public officers other than collectors of taxes and now in arrear, and all receipts on account of arrears of interest from the Tide Water Canal Company, up to the said first day of October inclusive; and all receipts from the said last two named sources after the first of October aforesaid, shall be appropriated by the said Treasurer to the increase of the sinking fund; and should it so happen that in consequence of the arrears of interest being funded as hereinafter provided, the said Treasurer should have from any of the sources herein indicated, more money on the first day of

January, eighteen hundred and forty five, that may be required to discharge the arrears of interest on the public debt aforesaid, then and in that event he shall apply said money so in his hands to the increase of the sinking fund.

SEC. 4. *And be it enacted*, That the Commissioner of Loans, be and he is hereby authorised and directed, whenever requested so to do by any holder or holders of coupons, or certificates of interest, due by the State, up to the first day of October, eighteen hundred and forty-four, to issue to such holder or holders, respectively, the bond or bonds of the State, for the amount of said coupons or certificates of interest, which bond or bonds shall bear an interest at the rate of six per cent. per annum from the said first day of October; the first payment of interest to be made on the first day of April, eighteen hundred and forty-five, and subsequent payments to be made quarterly thereafter, said bonds to be redeemable at the pleasure of the State, and to be for the sum apparent on the face of the coupons and certificates of interest only.

SEC. 5. *And be it enacted*, That from and after the first day of October, in the year eighteen hundred and forty-four, the direct, income and other taxes, levied, or to be levied for the use of the State, shall be paid in money only.

SEC. 6. *And be it enacted*, That the Treasurer of this State is hereby directed to resume the payment of interest on the public debt, on the first day of April, eighteen hundred and forty-five, paying the interest due thereon for the preceding six months; and should it so happen that the said treasurer, shall not then or at any subsequent period for paying interest, be in funds to pay the whole amount of interest then due, he shall pay the interest due to creditors other than the treasurer as trustee of the sinking fund; first, and shall appropriate the balance of any money remaining in his hands thereafter, to the payment, to that extent, of the interest on the sinking fund, and should there still be a deficiency to meet the interest due to the creditors aforesaid, the treasurer shall take and apply to the payment of such deficiency, so much of the school fund as may be necessary for the purpose, excepting always all such part or portion of said school fund, as is or may be appropriated to the tuition of the indigent blind; *Provided*, that in no case shall the school fund be used to pay the interest on the sinking fund; *And provided*, that in the event of its becoming necessary to defer the payment for the purpose aforesaid of any part, or all, of the interest due the sinking fund, or to use any part of the school fund, the same shall be restored, the school fund first, out of the first surplus after paying the interest due to the creditors aforesaid, in the hands of the treasurer, at any subsequent period for the payment of interest.

SEC. 7. *And whereas*, There are outstanding bonds of the State which bear interest payable semi-annually in January and July, in each and every year; *be it further enacted*, that upon the delivery, to be cancelled to the commissioner of loans, of coupons

for six months interest on such bonds, falling due on the first day of January eighteen hundred and forty-five, he shall issue to the holder or holders thereof, bonds as hereinbefore directed to be issued in liquidation of arrears of interest for one half of the amount thereof, and a certificate of interest for the other half payable on the first day of April eighteen hundred and forty-five aforesaid.

SEC. 8. *And be it enacted*, That all acts of Assembly, so far as they are inconsistent with the provisions of this act be, and they are hereby repealed.

